

**Fiscal Services Division**  
**Legislative Services Agency**  
**Fiscal Note**

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HF 2665 – Bingo Sales and Use Taxes (LSB 6632 HZ)

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Fiscal Note Version – New

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**Description**

House File 2665 specifies that the net amount generated by bingo games (gross less prize awards) be subject to the State sales and use tax, local option sales tax (LOST) and the school infrastructure local option (SILO) sales tax from the operation of bingo games. The effective date is July 1, 2009.

**Background**

Under current law, State sales and use tax, local option sales tax (LOST), and school infrastructure local option (SILO) sales tax are imposed on the gross amount generated from the operation of bingo games. Total tax revenue (State and local) received from the operation of bingo games for past years are as follows:

- FY 2003 - \$340,000
- FY 2004 - \$400,000
- FY 2005 - \$420,000
- FY 2006 - \$540,000
- FY 2007 - \$460,000

Based on the FY 2007 State and local tax revenue collected, the estimated gross amount generated from the operation of bingo games in FY 2007 was \$6.9 million.

**Assumptions**

- The growth in the gross amount generated from the operation of bingo is estimated at 5.0% based on past growth. Based on this assumption, the estimated gross sales from bingo games are:
  - FY 2009 - \$7.6 million
  - FY 2010 - \$8.0 million
- Assumes that 75.0% of bingo game receipts are paid out in prizes.
- Assumes that the local option sales tax (LOST) percentage remains at the FY 2007 level of 0.69% of total taxable sales statewide in FY 2010.
- Assumes that the school infrastructure local option sales tax (SILO) percentage is 0.99% of total taxable sales statewide in FY 2010.

**Fiscal Impact**

The estimated impact of HF 2665 is a reduction in General Fund revenues of \$300,000 in FY 2010 and a similar amount in future fiscal years. The Bill will also decrease the amount of LOST and SILO by \$100,000 in FY 2010 and a similar amount in future fiscal years.

**Sources**

Iowa Department of Revenue  
Iowa Department of Inspection and Appeals  
LSA Calculations

/s/ Holly M. Lyons

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March 28, 2008

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The fiscal note and correctional impact statement for this bill was prepared pursuant to Joint Rule 17 and pursuant to Section 2.56, Code of Iowa. Data used in developing this fiscal note and correctional impact statement are available from the Fiscal Services Division, Legislative Services Agency to members of the Legislature upon request.

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